

Message Text

CONFIDENTIAL

PAGE 01 BUDAPE 03288 270909Z

20

ACTION EUR-25

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03

DODE-00 PA-03 USIA-15 PRS-01 PM-07 AGR-20 DRC-01 /190 W
----- 075728

P 270832Z SEP 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC RRORITY 250

USDOC WASHDC PRIORITY

TREASURY WASHDC PRIORITY

INFO AMEMBASSY MOSCOW PRIORITY

AMEMBASSY VIENNA PRIORITY

AMEMBASSY WARSAW PRIORITY

C O N F I D E N T I A L BUDAPEST 3288

E.O. 11652: GDS

TAGS: OVIP, ETRD, HU

SUBJECT: SECRETARY DENT'S MEETING WITH FOREIGN TRADE
MINISTER BIRO

REF: BUDAPEST 3263

WARSAW FOR SECRETARY DENT

1. SUMMARY. IN MEETING BETWEEN SECRETARY DENT AND HUNGARIAN FOREIGN TRADE MINISTER BIRO, PRESENT LEVELS OF BILATERAL TRADE AND PROSPECTS FOR FUTURE, MFN QUESTION, AND BUSINESS FACILITATION WERE PRINCIPAL ITEMS OF DISCUSSION. HUNGARIANS REITERATED THEIR CONTINUING INTEREST IN SUBSTANTIALLY INCREASING TRADE WITH US, ALTHOUGH SOME IMPATIENCE WAS SHOWN WITH OUR INABILITY TO MOVE FORWARD ON MFN ISSUE AT THIS TIME. BIRO ESTABLISHED GOH POSITION ASKING FOR MFN IN FORM OF REMOVING ARTICLE 35 RESERVATIONS. END SUMMARY.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUDAPE 03288 270909Z

2. MINISTER BIRO OPENED DISCUSSION WITH SECRETARY DENT BY REMARKING THAT ALTHOUGH CONSIDERABLE IMPROVEMENT MADE IN LEVELS OF OUR BILATERAL TRADE, THE \$50 MILLION WORTH OF GOODS WHICH WE WOULD EXCHANGE THIS YEAR STILL CONSTITUTED A MERE "DROP IN THE BUCKET". REFLECTING VIEWS VOICED BY MANY GOH OFFICIALS IN RECENT MONTHS, BIRO SAID THAT TRADE COULD BE 3 TO 4 TIMES HIGHER THAN CURRENT LEVELS. HUNGARY WAS ANXIOUS TO STEP UP ITS IMPORTS OF AMERICAN PRODUCTS TO HELP MODERNIZE ITS INDUSTRY AND INCREASE COUNTRY'S COMPETITIVE POSITION. IN ITS TRADE WITH DEVELOPED NON-COMMUNIST COUNTRIES, HUNGARY DID NOT WANT TO RELY SOLELY UPON WEST EUROPEAN TRADING PARTNERS AND THEREFORE WISHED TO BROADEN ITS RELATIONSHIPS, PARTICULARLY WITH THE US AND JAPAN. THE RELATIVE UNFAMILIARITY OF AMERICAN BUSINESSMEN WITH HUNGARIAN MARKET MADE IT NECESSARY TO TAKE STEPS TO INCREASE US INTEREST IN BUSINESS POSSIBILITIES HERE.

3. RAISING SUBJECT OF BUSINESS FACILITATION, SECRETARY DENT EMPHASIZED NEED FOR GOH RECOGNITION THAT US COMPANIES OPERATING HERE WILL REQUIRE OPERATING CONDITIONS SIMILAR TO THOSE THEY ENJOY IN OTHER FOREIGN COUNTRIES. WITHOUT PERMANENT BASES, HE CONTINUED, BUSINESSMEN WILL QUESTION PERMANENCE OF ANY RELATIONSHIPS ESTABLISHED HERE. BIRO RECOGNIZED IMMEDIATELY DESIRABILITY OF WESTERN COMPANIES STATIONING PERMANENT REPRESENTATIVES IN HUNGARY AND MADE INTERESTING COMMENT THAT IT WAS GOH DESIRE TO TERMINATE PRACTICE WHEREBY FOREIGN BUSINESSMEN COMMUTED FROM VIENNA ON REGULAR BASIS FOR PURPOSES OF REPRESENTING FIRMS HERE. HUNGARIAN RESTRICTIONS REGARDING RESIDENCE PERMITS FOR FOREIGN BUSINESSMEN, HE CONTINUED, ARE NOT AS STRINGENT AS GENERALLY BELIEVED. UNDER CURRENT REGULATIONS IT IS POSSIBLE TO OBTAIN VISAS PERMITTING BUSINESSMEN TO REMAIN IN HUNGARY FOR 3 TO 4 YEARS, OR EVEN LONGER. BIRO PROMISED TO FORWARD INFORMATION TO EMBASSY SHOWING EXACTLY HOW EXTENDED RESIDENCE PERMITS MIGHT BE OBTAINED. BIRO DID NOT COMMENT ON OTHER ASPECTS BUSINESS FACILITATION.

4. RE MFN QUESTION, SECRETARY DENT OUTLINED TO HUNGARIANS CURRENT STATUS OF ADMINISTRATION TRADE BILL. HE SAID THAT WHILE HOUSE OF REPRESENTATIVES WOULD PROBABLY CONSIDER CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUDAPE 03288 270909Z

ADMINISTRATION'S PROPOSALS THIS OCTOBER, UNLIKELY THAT SENATE WOULD VOTE ON LEGISLATION PRIOR TO EARLY 1974. SECRETARY STRESSED SUPPORT ADMINISTRATION WAS GIVING

MFN. IN REPLY, BIRO EXPRESSED FEAR THAT FINAL LEGISLATION WOULD BE "UNSATISFACTORY COMPROMISE FROM GGH'S STAND-POINT", AND STATED THAT GOH DID NOT WISH TO NEGOTIATE MFN ON BASIS OF BILATERAL AGREEMENT BUT WOULD ASK FOR MFN UNDER

PROVISIONS OF GATT AS ALREADY EXTENDED TO THEM BY ALL OTHER NATIONS. UNDER QUESTIONING FROM ARMSTRONG AND LAZARUS AS TO WHAT GOH POSITION WOULD BE IF MFN POSSIBLE ONLY UNDER BILATERAL AGREEMENT, BIRO SAID THAT UNTIL HE RECEIVED FORMAL PROPOSALS FROM US AFTER TRADE BILL EMERGED IN FINAL FORM HE COULD NOT SAY WHAT GOH NEXT STEP WOULD BE. SECRETARY AGREED IT WAS BEST TO WAIT UNTIL OUR CONGRESSIONAL SITUATION WAS SETTLED.

5. SECRETARY CONCLUDED MEETING BY SAYING HE WOULD LIKE MINISTER BIRO TO VISIT US. BIRO SAID HE HOPED HE WOULD HAVE SUCH AN OPPORTUNITY BEFORE RETIRING IN THE NOT-TOO-DISTANT FUTURE. AS PRACTICAL MATTER HE THOUGHT WE WOULD HAVE TO SETTLE MFN ISSUE BEFORE VISIT COULD TAKE PLACE.

6. EMBASSY COMMENT: ALTHOUGH BIRO WAS DIRECT IN HIS APPROACH AT TIMES, OVERALL ATMOSPHERE WAS VERY CORDIAL. BIRO IS A CHARMING MAN IN A ROUGH-HEWN WAY, WHO POSSESSES A GOOD SENSE OF HUMOR AND FILLS HIS REMARKS WITH A STEADY STREAM OF WISECRACKS. HIS ENGLISH, WHILE UNPOLISHED, IS QUITE GOOD.
PEDERSEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUDAPE03288
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS PEDERSON
Errors: N/A
Film Number: n/a
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973097/aaaaaeyh.tel
Line Count: 136
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BUDAPEST 3263
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by thigpegh>; APPROVED <27-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY DENT'S MEETING WITH FOREIGN TRADE MINISTER BIRO
TAGS: OVIP, ETRD, HU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005